



**BAC 7710-FW-P**

## **POSTAL REGULATORY COMMISSION**

### **39 CFR part 3050**

**[Docket No. RM2017-10; Order No. 4023]**

### **Periodic Reporting**

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Commission is announcing a recent filing requesting that the Commission initiate an informal rulemaking proceeding to consider changes to an analytical method for use in periodic reporting (Proposal Six). This document informs the public of the filing, invites public comment, and takes other administrative steps.

**DATES:** *Comments are due:* September 15, 2017.

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

**FOR FURTHER INFORMATION CONTACT:** David A. Trissell, General Counsel, at 202-789-6820.

### **SUPPLEMENTARY INFORMATION:**

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## **I. Introduction**

On July 28, 2017, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting the Commission to initiate an informal rulemaking proceeding to consider proposed changes to an analytical method related to periodic reports.<sup>1</sup> The Petition identifies the proposed analytical method changes filed in this docket as Proposal Six.

## **II. Proposal Six**

*Background.* In January 2016, the Postal Service removed the originating network distribution center and network distribution center presort price categories for Parcel Select and the return network distribution center price category for Parcel Return Service (PRS). Petition, Proposal Six at 1. The Postal Service states that “[d]uring the process of modifying these models to remove the portions of the cost studies related to the discontinued price categories, the Postal Service detected some minor errors that required correction.” *Id.* The Postal Service conducted a review of these models to “ensure that they reflected current processing methods” and determine if new data could be incorporated. *Id.*

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Six), July 28, 2017 (Petition).

*Proposal.* The Postal Service seeks to revise the mail processing and transportation cost models for Parcel Select and PRS mail. The proposed changes update the cost models, correct errors, incorporate new data, and re-evaluate some assumptions and methodologies.

*Impact.* The Postal Service estimates that its proposed changes will result in adjustments to both its mail processing and transportation models for Parcel Select and PRS mail.

For mail processing costs, the revisions will decrease Parcel Select Ground Machinable unit cost estimates by 3.4 percent. Petition, Proposal Six at 15, 18. The proposed changes will result in six adjustments to PRS mail processing costs, including a decrease of more than 30 percent in return delivery unit oversize costs. *Id.*

The transportation cost adjustments incorporate methodology changes approved by the Commission in Order No. 3973<sup>2</sup> with the cost model changes the Postal Service proposes in this docket. The resulting Parcel Select cost decreases range from 6.4 to 94.6 percent. Petition, Proposal Six at 15-16, 19. Additionally, the transportation cost for destination sectional center facility rates will increase by 193 percent. *Id.* at 16, 19. The PRS costs for return sectional center facility will decrease by almost 26 percent. *Id.*

### **III. Notice and Comment**

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<sup>2</sup> Docket No. RM2016-12, Order on Analytical Principles Used in Periodic Reporting (Proposal Four), June 22, 2017 (Order No. 3973).

The Commission establishes Docket No. RM2017-10 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's Web site at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Six no later than September 15, 2017. Pursuant to 39 U.S.C. 505, Lyudmila Y. Bzhilyanskaya is designated as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

#### **IV. Ordering Paragraphs**

*It is ordered:*

1. The Commission establishes Docket No. RM2017-10 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Six), filed July 28, 2017.

2. Comments by interested persons in this proceeding are due no later than September 15, 2017.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Lyudmila Y. Bzhilyanskaya to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

**Stacy L. Ruble,**

*Secretary.*

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